

The Funding Model: December 18, 2003 Draft Premises

This model is designed to define expenditure targets and levels; it directs funds to school districts using the EFA base student cost, weightings, and distribution system. The weightings are targeted toward priorities to achieve SC goals.

Base Student Cost

The model's base student cost views the instructional program holistically and necessitates the revision and/or elimination of many regulations.

The base student cost presumes a district of 7500 students, elementary school of 500 students, a middle school of 750 students and a high school of 900 students.

- 2001-02 district enrollment averaged approximately 7500 students
- 2001-02 elementary school enrollment averaged 508
- 2001-02 middle school enrollment averaged 519
- 2001-02 high school enrollment averaged 900

The base student cost is built from current requirements for classroom teachers, professional development, instructional materials, administration and schoolwide functions.

- 2002-03 district average for pupils in the core academic areas is 20.6
- Funding is detailed in the July 2003 "Requirements Model"
- The five additional teacher contract days linked to the Teacher Quality Act of 2000 are funded
- Funding for parental involvement is based upon the recommendations of the National Network of Partnership Schools

Models are projected at different teacher to pupil ratios to illustrate different cost levels.

- Ratios are sufficiently low to preclude the requirement to use aides
- 2002-03 district average ratio in the core academic areas is 20.6

Teacher salaries are projected based upon the southeastern average.

- The model incorporates five additional contract days enacted in the Teacher Quality Act of 2000
- The five days increase the average teacher salary by \$1,322.25

The base student cost includes a district overlay that incorporates statutory and regulatory requirements, as well as increased funding for instructional supplies and transportation.

- Funding for reporting requirements is based upon the recommendations of the National Conference of State Legislatures

Weighted Pupil Units

The weighted pupil units, applied to a revised base student cost, target resources toward the 2010 goal as well as the *No Child Left Behind* goal for all students and for students within subgroups.

The weights assume a higher base student cost. Weightings for kindergarten, elementary, middle and high school students begin with a value of 1.0, applied to a higher base student cost.

The weights employ a system of primary classifications and additional classifications.

The weights focus on students in kindergarten through age 21 unless the student has chosen to drop out of school.

- Current SC law requires school attendance beginning at age five and permits students to remain enrolled through the year in which they turn 21

Weights for handicapped children remain the same; however, the higher base targets additional resources to those programs.

The weighting for homebound instruction is lowered to 1.0 in recognition of the higher base student cost and the alternate ways in which homebound instruction is offered now.

The vocational weights are eliminated and a weighting of 1.2 applied to students in career technology programs. Any student enrolling in this area in grades 9-12 would be weighted 1.20.

A new weighting is added for adult education programs.

- Students ages 17-21 transferring into adult education are weighted 0.20. This would necessitate regulations defining the program expectations
- Currently 26 percent of young adults ages 18-24 do not have a high school diploma;
- Students over the age of 21 are weighted 0.10
- Currently 23.6 percent of South Carolinians ages 25 and over do not have a high school diploma.

Add-on weightings respond to particular needs in SC: gifted & talented; career exploration; prevention; remediation; and Limited English Proficient.

- Funding is provided for students in grades 3-12 who are eligible for the gifted & talented program (academic and artistic);
- Only 65 percent of SC students scoring proficient or advanced on PACT in 2000 were scoring at that level in 2002;
- *No Child Left Behind* focuses our schools on all students scoring proficient;
- Only 16 percent of SC students score in the top quarter of students nationally on the SAT;
- Career exploration would fund one counselor for each 250 students in grades 6-9, enabling the implementation of the proposed Education and Economic Development Act ;
- Prevention weights acknowledge the need to address the 57.93 percent of all K-3 students who are participating in the free lunch program or eligible for Medicaid;
- Prevention costs are drawn from two national comprehensive, research-based strategies for enabling children from poverty to succeed in school;
- Remediation weights fund additional time or different experiences for students in grades 4-12 who have failed one or more PACT tests;
- LEP weights acknowledge the costs of teaching the 8,000 who do not speak English and enroll in SC schools

Revenues

The model reallocates all current General Fund, EIA and lottery funds to schools through the EFA formulas incorporating the new base student cost, revised weights and the index of taxpaying ability.

- Reduces categorical funding
- Provides districts with discretion/flexibility in using the resources to achieve state-defined results
- Excludes technical assistance funding provided for in accordance with EAA

The model requires a local match on funds allocated through the EFA formula.

- FY02 ad valorem taxes generated \$1,761,850,456

- FY02 total local revenues equaled \$2,211,652,540
- Statewide (developing upon variation of the model) total local revenues exceed requirements by \$500 million.

Depending upon the teacher to pupil ratio desired, the model requires between \$5 million and \$540 million additional dollars.

- Midyear budget reductions in the last three years have resulted in under-funding the EFA by \$282 million. This under-funding is represented in the figures above.

The following revenues streams are excluded from the model:

- All federal funds (\$491 million)
- All funding for capital improvements, building aid
- General Fund appropriations for textbooks
- EAA technical assistance funds for teacher/principal specialists, retraining grants, external review teams, and homework centers
- Palmetto Gold and Silver awards program

Issues Not Addressed

1. Should the index of taxpaying ability be modified or retained? Is it an accurate measure of the differences in community wealth?
2. What is the state's responsibility for school buildings?
3. Should the calculation of the southeastern average teacher salary include incentives for the National Board of Professional Teaching certification and teacher specialists?
4. Should there be a weighting for arts education? For health and physical education?
5. What are appropriate policies for and linkages between adult education and family literacy?
6. At what level should instructional materials be funded, as the state moves from textbooks to multi-media and/or consumable materials?
7. What is the target audience for child development (serving four-year-olds) programs; what are the characteristics of the program we offer, and how should those programs be managed?
8. If SC moves to holistic funding approaches (thereby reducing the process requirements) and results-based accountability, what are the roles of state agencies?

Itemized List of Elementary School Costs Based on a Elementary School of 500	Cost per Pupil Model 1	Cost Per Pupil Model 2	Cost Per Pupil Model 3	Cost Per Pupil Model 4	Cost Per Pupil Model 5
	1:21	1:24	1:25	1:30	1:35
Classroom Teachers:					
435 students in regular classrooms; 65 or 13% disabled in an average class size of 12 students for 5.5 teachers.	26.2	23.6	22.9	20.0	17.9
Total Number of Teachers, Rounded Up to .5	26.5	24	23	20	18
Total number of Teachers paid at \$41,691 plus 23% for fringe benefits.	2,717.84	2,461.44	2,358.88	2,051.20	1,846.08
Professional Development costs based on \$903.04 per teacher	47.86	43.35	41.54	36.12	32.51
\$200 per teacher for instructional supplies	10.60	9.60	9.20	8.00	7.20
Additional five days to teacher contract-- using SE average for FY05, each day costs \$215. For five days, \$1,075 plus fringe benefits of \$247.25 = \$1,322.25 per teacher	70.08	63.47	60.82	52.89	47.60
Administration:					
Principal	193.97	193.97	193.97	193.97	193.97
Secretary/Bookkeeper	123.00	123.00	123.00	123.00	123.00
Library Media Specialist (\$41,659 plus 23% for fringe benefits)	102.48	102.48	102.48	102.48	102.48
Reporting requirements for report card	7.50	7.50	7.50	7.50	7.50
Schoolwide Functions:					
Parental Involvement	25.00	25.00	25.00	25.00	25.00
Services for Preschoolers with Disabilities	72.85	72.85	72.85	72.85	72.85
K-5 Enhancement (Lottery)	125.00	125.00	125.00	125.00	125.00
District cost Overlay:	<u>1,750.05</u>	<u>1,750.05</u>	<u>1,750.05</u>	<u>1,750.05</u>	<u>1,750.05</u>
Total for Elementary School:	5,246.23	4,977.70	4,870.29	4,548.06	4,333.24
Half-Day Program for 4-year-olds	2,061				

Itemized List of Middle School Costs Based on a Middle School of 750	Cost per Pupil Model 1	Cost Per Pupil Model 2	Cost Per Pupil Model 3	Cost Per Pupil Model 4	Cost Per Pupil Model 5
	1:21	1:24	1:25	1:30	1:35
Classroom Teachers:					
652 students in regular classrooms; 98 or 13% disabled in an average class size of 12 students for 9.0 teachers.	40.0	36.2	35.1	30.7	27.6
Total Number of Teachers, Rounded Up to .5	40.0	36.5	35.5	31	28
Total number of Teachers paid at \$41,691 plus 23% for fringe benefits.	2,734.93	2,495.62	2,427.25	2,119.57	1,914.45
Professional Development costs based on \$903.04 per teacher	48.16	43.95	42.74	37.33	33.71
\$200 per teacher for instructional supplies	10.67	9.73	9.47	8.27	7.47
Additional five days to teacher contract-- using SE average for FY05, each day costs \$215. For five days, \$1,075 plus fringe benefits of \$247.25 = \$1,322.25 per teacher	71.05	64.84	63.06	55.07	49.74
Administration:					
Principal	135.88	135.88	135.88	135.88	135.88
Asst. Principal or Curriculum Coordinator	111.74	111.74	111.74	111.74	111.74
Secretary/Attendance Clerk	82.00	82.00	82.00	82.00	82.00
Counselor	67.17	67.17	67.17	67.17	67.17
Two Media Specialists	134.35	134.35	134.35	134.35	134.35
Reporting requirements for report card	7.50	7.50	7.50	7.50	7.50
Nurse	33.33	33.33	33.33	33.33	33.33
Resource Officer	27.33	27.33	27.33	27.33	27.33
Schoolwide Functions:					
Parental Involvement	25.00	25.00	25.00	25.00	25.00
District cost Overlay:	1750.05	1750.05	1750.05	1750.05	1750.05
Total for Middle School:	5,239.16	4,988.49	4,916.87	4,594.58	4,379.72

Itemized List of High School Costs	Cost per Pupil	Cost Per Pupil	Cost Per Pupil	Cost Per Pupil	Cost Per Pupil
Based on High School of 900	Model 1	Model 2	Model 3	Model 4	Model 5
	1:21	1:24	1:25	1:30	1:35
Classroom Teachers:					
783 students in regular classrooms;117 or 13% disabled in an average class size of 12 students requiring 10 teachers.	47.3	42.6	41.3	36.1	32.4
Total Number of Teachers, Rounded Up to .5	47.5	43.0	41.5	36.5	32.5
Total number of Teachers paid at \$41,691 plus 23% for fringe benefits.	2,706.44	2,450.04	2,364.57	2,079.69	1,851.78
Professional Development costs based on \$903.04 per teacher	47.66	43.15	41.64	36.62	32.61
\$200 per teacher for instructional supplies	10.56	9.56	9.22	8.11	7.22
Additional five days to teacher contract-- using SE average for FY05, each day costs \$215. For five days, \$1,075 plus fringe benefits of \$247.25 = \$1,322.25 per teacher	69.79	63.17	60.24	53.62	47.75
Administration:					
Principal	120.05	120.05	120.05	120.05	120.05
Two Assistant Principals or Curriculum Coordinators	192.66	192.66	192.66	192.66	192.66
Secretary/Attendance Clerk	68.33	68.33	68.33	68.33	68.33
Two Media Specialists	111.95	111.95	111.95	111.95	111.95
Reporting requirements for report card	7.50	7.50	7.50	7.50	7.50
Schoolwide Functions:					
Parental Involvement	25.00	25.00	25.00	25.00	25.00
24 Units of Graduation	119.66	119.66	119.66	119.66	119.66
Driver's Education Course	7.5	7.5	7.5	7.5	7.5
School Safety Coordinators	22.78	22.78	22.78	22.78	22.78
District cost Overlay:	1750.05	1750.05	1750.05	1750.05	1750.05
Total for High School:	5,259.92	4,991.40	4,901.15	4,603.53	4,364.84

Itemized List of District Costs	Cost per Pupil
Based on a district of 7500 students	
School Board:	
Compensation	0.59
<i>Training (Based on statewide cost of \$151,570)</i>	0.22
District Office:	
Personnel --	71.44
Superintendent	
Fiscal Officer	
Secretary	
Director for Planning	
Asst. Superintendent for Staff	
Program Consultant	
2.5 Secretaries	
Support Costs	25.62
Annual Financial Audit	3.00
Maintenance and Operation of Schools	1,291.00
Instructional Supplies (Computers, library books, etc.)	100.00
Transportation	185.00
Parenting/Family Literacy	9.56
Technology	26.62
Alternative Schools	16.28
ADEPT	13.22
Reporting Requirements of Report Card	7.50
TOTAL:	1,750.05

Classifications	2002-03 ADM	Current Weights	Revised Weights	Revised WPU	BSC of \$5,259
Kindergarten	40,675.88	1.30	1.00	40,675.88	\$213,914,452.92
Primary (1-3)	123,959.01	1.24	1.00	123,959.01	\$651,900,433.59
Elementary (4-8)	227,594.73	1.00			
Elementary (4-5)	89,577.30		1.00	89,577.30	\$471,087,020.70
Middle (6-8)	138,017.42		1.00	138,017.42	\$725,833,611.78
High School (9-12)	80,429.13	1.25	1.00	80,429.13	\$422,976,794.67
Educable Mentally Handicapped	9,179.03	1.74		15,971.51	\$83,994,182.66
Learning Disabled	42,426.47	1.74		73,822.06	\$388,230,201.97
Trainable Mentally Handicapped	2,625.39	2.04		5,355.80	\$28,166,129.06
Emotionally Handicapped	5,574.55	2.04		11,372.08	\$59,805,779.24
Orthopedically Handicapped	1,408.01	2.04		2,872.34	\$15,105,638.16
Visually Handicapped	567.67	2.57		1,458.91	\$7,672,417.68
Hearing Handicapped	1,226.53	2.57		3,152.18	\$16,577,325.66
Speech Handicapped	34,793.98	1.90		66,108.56	\$347,664,927.56
Homebound	2,279.74	2.10	1.00	2,279.74	\$11,989,152.66
Vocational 1	55,387.12	1.29			
Vocational 2	19,893.24	1.29			
Vocational 3	10,222.50	1.29			
Career Technology			1.20	102,603.43	\$539,591,448.89
Autism	1,248.90	2.57		3,209.67	\$16,879,670.31
Adult Education					
17-21 Population	26,588.00		0.20	5,317.60	\$27,965,258.40
Over 21 Population	58,682.00		0.10	5,868.20	\$30,860,863.80
Additional Classifications:					
Gifted and Talented (3-12)	84,938.00	0.30	0.15	12,740.70	\$67,003,341.30
Career Exploration (6-9)	165,623.83		0.039	6,459.33	\$33,969,613.16
Prevention (K-3)	95,372.99	0.26	0.20	19,074.60	\$100,313,312.75
Remediation (4-12)	123,209.54	0.114		14,045.89	\$73,867,322.68
Limited English Proficient	8,000.00		0.20	1,600.00	\$8,414,400.00
TOTAL WPU:				825,971.34	\$4,343,783,299.60

Adult Education: Currently, there are 85,270 persons enrolled in adult education. The per student allocation is only \$135. The Governor's Workforce Committee recommends targeting the adult education programs to the 26,588 students who are 17 years of age through 21 years of age at a cost of \$1,000 per students for a minimum of 300 hours of attendance or the successful completion of a high school credential during the school year. The remainder would spent on the over 21 years of age group.

Prevention - According to the 2003 annual report card, 57.93% of all students in South Carolina qualify for Medicaid and/or reduced or free lunches and are classified as in poverty. Using nationally recognized programs such as Success for All/Roots and Wings, the cost to address the educational needs of low-income students is approximately \$1,000 per pupil. \$1,000 equates to .2 of the base student cost. 57.93% of K-3 students eligible.

LEP - In North Carolina, each school having at least 20 students with limited English proficiency receives \$21,603 or the equivalent of one teacher assistant position. The allocation is based on a 3-year weighted average headcount or at least 2 1/2% of the ADM of the schools is IEP. Converting this figure into a weighting = (\$21,603/20 students = \$1,080 or .20 of the base student cost of \$5,350 as determined by this study. Currently, 8,000 students are classified as LEP in South Carolina.

Gifted and Talented: In the FY2003-04 school year, school districts receive \$377.12 per academic student served using the prior year's 135 day report of 67,882 students. In comparison, the .30 weighting for gifted and talented should be \$533.10 which is .30 of the bsc of \$1,777.

Remediation: To provide remediation for an estimated 40% of students in grades 4-12 who score below basic on at least one PACT assessment. Weighting results in \$600 per student to be used for: summer school, reduced class size, afterschool programs, extended day, instructional materials, etc.

Career Exploration -- To provide one counselor for every 250 students in grades 6-9 at a cost of \$200 per student.

Scenario 1: Using highest base student cost between elementary, middle and high schools	Model #1 1:21 Teacher/Student Ratios	Model #2 1:24 Teacher/Student Ratios	Model #3 1:25 Teacher/Student Ratios	Model #4 1:30 Teacher/Student Ratios	Model #5 1:35 Teacher/Student Ratios
BSC (Maximum)	\$5,259	\$4,991	\$4,901	\$4,603	\$4,364
WPU's	825,971.34	825,971.34	825,971.34	825,971.34	825,971.34
	\$4,343,783,277	\$4,122,422,958	\$4,048,085,537	\$3,801,946,078	\$3,604,538,928
Assume State Share is 70%	\$3,040,648,294	\$2,885,696,071	\$2,833,659,876	\$2,661,362,255	\$2,523,177,249
Est. Current State Revenues	2,500,012,828	2,500,012,828	2,500,012,828	2,500,012,828	2,500,012,828
Balance:	\$540,635,466	\$385,683,243	\$333,647,048	\$161,349,427	\$23,164,421
30% Local Share on Model	\$1,298,179,155				
2001-02 Ad Valorem Taxes	\$1,761,850,456				
2001-02 Total Local Revenues	\$2,211,652,540				
Scenario 2: Using lowest base student cost between elementary, middle and high schools	Model #1 1:21 Teacher/Student Ratios	Model #2 1:24 Teacher/Student Ratios	Model #3 1:25 Teacher/Student Ratios	Model #4 1:30 Teacher/Student Ratios	Model #5 1:35 Teacher/Student Ratios
BSC (Minimum)	\$5,239	\$4,977	\$4,870	\$4,548	\$4,333
WPU's	825,971.34	825,971.34	825,971.34	825,971.34	825,971.34
	\$4,327,263,850	\$4,110,859,359	\$4,022,480,426	\$3,756,517,654	\$3,578,933,816
Assume State Share is 70%	\$3,029,084,695	\$2,877,601,551	\$2,815,736,298	\$2,629,562,358	\$2,505,253,671
Est. Current State Revenues	2,500,012,828	2,500,012,828	2,500,012,828	2,500,012,828	2,500,012,828
Balance:	\$529,071,867	\$377,588,723	\$315,723,470	\$129,549,530	\$5,240,843

FY2003-04 Appropriation Act	State Funding	EIA	Lottery	TOTAL
Full-Time Programs:				
APT/ADEPT	2,267,991			2,267,991
Health and Dental Parttime Teachers	228,631			228,631
Employer Contributions	420,141,718			420,141,718
Education Finance Act	963,740,766			963,740,766
Adult Education	12,967,859			12,967,859
Nurse Program	605,126			605,126
Attendance Supervisor	532,966			532,966
Lunch Supervisor	532,966			532,966
Lunch Program	413,606			413,606
P.L. 99-457	3,973,584			3,973,584
Retiree Insurance	52,751,957			52,751,957
National Board Certification	36,803,080			36,803,080
Reduce Class Size	35,491,067			35,491,067
Credits for High School Diploma	23,931,950			23,931,950
School Safety	6,894,032			6,894,032
Middle School Initiative	5,000,000			5,000,000
Modernize Vocational Equipment	4,848,022	4,151,978		9,000,000
Summer School	21,000,000			21,000,000
Alternative Schools	10,976,277			10,976,277
Education License Plates	150,000			150,000
Advanced Placement		2,633,814		2,633,814
Gifted and Talented		29,497,533		29,497,533
Services for Students with Disabilities		4,105,017		4,105,017
Tech Prep - School to Work		4,257,742		4,257,742
Jr. Scholars Program		51,558		51,558
Critical Teaching Needs		602,911		602,911
Arts Curricula		1,597,584		1,597,584
Local School Innovation		20,888,245		20,888,245
Act 135		120,412,397		120,412,397
Competitive Teacher Grants		1,348,241		1,348,241
Parent Support		4,354,304		4,354,304
Family Literacy		1,779,642		1,779,642
Teacher Salaries		204,594,180		204,594,180
Employer Contributions		37,849,923		37,849,923
Teacher Supplies		10,000,000		10,000,000
Professional Development		6,646,260		6,646,260
Professional Development -NSF		3,038,290		3,038,290
Principal Salary Supplement		3,095,968		3,095,968
Governor's Institute of Reading		1,312,874		1,312,874
Technology *	2,452,349			2,452,349
SUBTOTALS:	1,605,703,947	462,218,461		2,067,922,408
Transportation:				
School Bus Driver Salary	38,834,622			38,834,622
Contract Drivers	378,531			378,531
Bus Drivers Aide	159,670			159,670
Employer Contributions	1,563,333			1,563,333
EAA - Transportation	4,124,000			4,124,000
SUBTOTALS:	45,060,156			45,060,156
K-5 Reading, Math, Science & Social Studies			40,000,000	40,000,000

Other State Revenue in Lieu of Taxes (Based on 2001-02 Revenues)				
Local Property Tax Relief	244,066,474			244,066,474
Homestead Exemption	65,475,167			65,475,167
Manufacturer's Deprec Reimbursement	18,925,963			18,925,963
Other State Property Tax Revenue	9,275,848			9,275,848
Revenue from Other State Sources	9,286,812			9,286,812
SUBTOTAL:	347,030,264			347,030,264
TOTAL:	1,997,794,367	462,218,461	40,000,000	2,500,012,828

OTHER		
4-year-old Early Childhood		22,870,783

FISCAL	TOTAL		TOTAL EIA Mid-Year Reductions		GRAND
YEAR	EFA Mid-Year Reductions		To School Districts Only*		TOTAL
2000-01	12,020,443				12,020,443
2001-02	111,591,932		23,430,214		135,022,146
2002-03	143,892,152				143,892,152
2003-04	15,347,715		11,034,993		26,382,708
TOTAL:	282,852,242		34,465,207		317,317,449

* Reflects only reductions to EIA programs included in BSC model.